

Results for FY06 / Forecasts for FY07 / Corporate Strategic Plan 06

May 18, 2006

ITX Corporation

Contents

1. Business Overview	3-6
2. FY06 Results	
FY06 Results: Summary	8
FY06 Results: Key Points	9-10
Performance Compared to November 05 Forecasts	11
Equipment Sales and Services: Revenues and Operating Income	12
Performance at Core Group Companies	13-14
Equipment Sales and Services: Revenues and Operating Income by Segment	15
Investment Securities for Business Incubation: Revenues and Operating Income	16
Exit Net Gains	17
3. FY07 Forecasts	
FY07 Forecasts	19-22
Objectives for Core Group Companies	23
Equipment Sales and Services: Revenues and Operating Income by Segment	24
Investment Securities for Business Incubation: Revenues and Operating Income	25
4. Corporate Strategic Plan 06	26-39

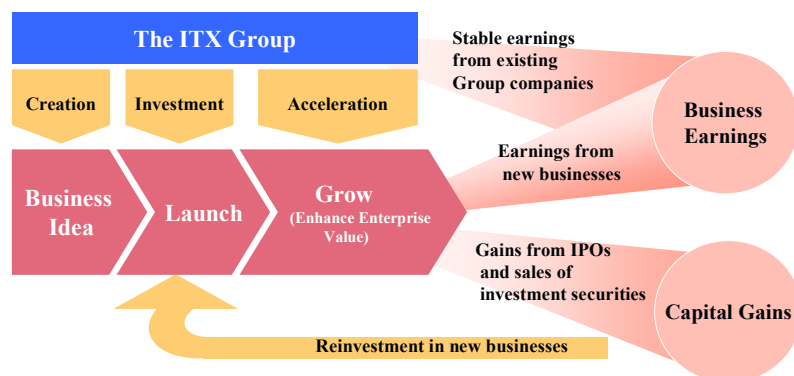
1. Business Overview

ITX Group: Objectives and Business Model

ITX uses investment to create new enterprise value by taking an active role in the management of investees with two goals:

1. Generate stable business earnings from consolidated subsidiaries and,
2. Secure capital gains by listing investees.

Business Model



How ITX Secures Capital Gains

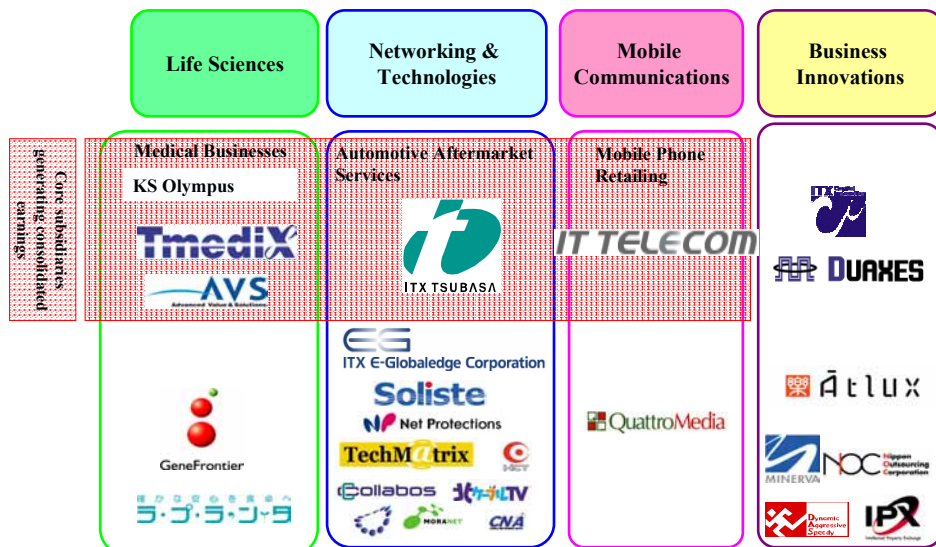
ITX aims to secure capital gains in three ways:

1. Capital gains from the sale of investment securities for business incubation (business incubation securities in affiliates, business incubation securities)
 - Proceeds from these sales booked under revenues, book value booked as cost of revenues
2. Capital gains from sales of investment securities
 - Gains/losses from these sales booked under other income/expenses
3. Capital gains from sales of shares in affiliates
 - Gains/losses from these sales booked under extraordinary gains/losses

Including unrealized gain/loss

Exit Gains/Losses

ITX Group Operating Fields of Group Companies



*Please refer to the separate publication, ITX Major Group Companies, for further details about each business.

2. FY06 Results

FY06 Results: Summary

	(¥ billion)		
	FY05 Results	FY06 Results	YoY Change
1) P/L (Consolidated)			
Revenues	349.7	346.9	-2.8
(Sales of investment securities for business incubation)	(14.1)	(5.9)	(-8.2)
(Equipment sales and services)	(335.6)	(341.0)	(5.4)
Gross profit	39.2	41.1	1.9
(Sales of investment securities for business incubation)	(8.6)	(4.2)	(-4.4)
(Equipment sales and services)	(30.6)	(36.9)	(6.3)
Operating income	7.2	2.9	-4.3
(Sales of investment securities for business incubation)	(7.1)	(2.9)	(-4.2)
(Equipment sales and services)	(0.1)	(0.0)	(-0.1)
Ordinary income	0.8	2.0	1.2
Net income	0.6	1.3	0.7
2) B/S			
1. Interest-bearing debt (Consolidated)	84.6	90.8	6.2
(Nonconsolidated)	62.7	70.7	8.0
2. Shareholders' equity (Consolidated)	25.9	26.9	1.0
3) Performance Indicators			
1. Debt-equity ratio* (Consolidated)	2.3	2.7	0.4
(Nonconsolidated)	1.7	2.0	0.3
2. ROA	0.4%	0.8%	0.4%

*Debt-equity ratio = net interest-bearing debt (interest-bearing debt – cash and cash equivalents) ÷ shareholders' equity

FY06 Results: Key Points (1)

■ Revenues: ¥346.9 billion, down ¥2.8 billion YoY

(Investment securities for business incubation: ¥5.9 billion, down ¥8.2 billion YoY;
Equipment sales and services: ¥341.0 billion, up ¥5.4 billion YoY)

<Main factors affecting revenues>

● Increase:

IT Telecom—up ¥24.2 billion (thanks to increase in market share)
KS Olympus—up ¥14.6 billion (first full-year contribution to consolidated results from FY06)
and other factors

● Decrease:

ITX Corporation—down ¥39.8 billion (termination of OEM sales of peripheral PC equipment)
and other factors

■ Operating income: ¥2.9 billion, down ¥4.3 billion YoY

(Investment securities for business incubation: ¥2.9 billion, down ¥4.2 billion YoY;
Equipment sales and services: ¥0.0 billion, down ¥0.1 billion YoY)

<Main factors affecting operating income>

● Increase:

US investment subsidiaries—up ¥1.0 billion (gain on sales of investment securities)
KS Olympus—up ¥0.5 billion (first full-year contribution to consolidated results from FY06)

● Decrease:

ITX Corporation—down ¥4.4 billion (drop in sales of investment securities for business incubation)
IT Telecom—down ¥0.7 billion (increase in sales promotion costs for mobile phones)

FY06 Results: Key Points (2)

■ Other expenses—net: ¥0.9 billion (improvement of ¥5.5 billion YoY)

Main factors affecting other expenses:

● Loss on derivative stock price swap transactions—¥0.6 billion (improvement of ¥0.4 billion YoY)
(Contract due to be terminated in March 2007)

■ Ordinary income: ¥2.0 billion (up ¥1.2 billion YoY)

■ Extraordinary gains—net: ¥0.7 billion

Main factors affecting extraordinary gains/losses:

● Gain on sale of shares in TechMatrix of ¥2.2 billion
Decision to sell part of holding in TechMatrix taken to widen the investor base and boost liquidity of
company's shares
(Equity stake 52.4%→32.0%; company now treated as equity-method affiliate)

● Impairment losses of ¥1.4 billion
(Related to software, buildings, land, etc. at Group companies)

■ Net income: ¥1.3 billion

→Improvement of ¥0.7 billion YoY (+119%)

Performance Compared to November 05 Forecasts

■ Nov. 05 Forecasts (¥ billion)

Revenues	348.0
Operating income	5.9
Ordinary income	4.1
Net income	5.0



■ Results (¥ billion)

Revenues	346.9
Operating income	2.9
Ordinary income	2.0
Net income	1.3

● Reasons for shortfall in ordinary income

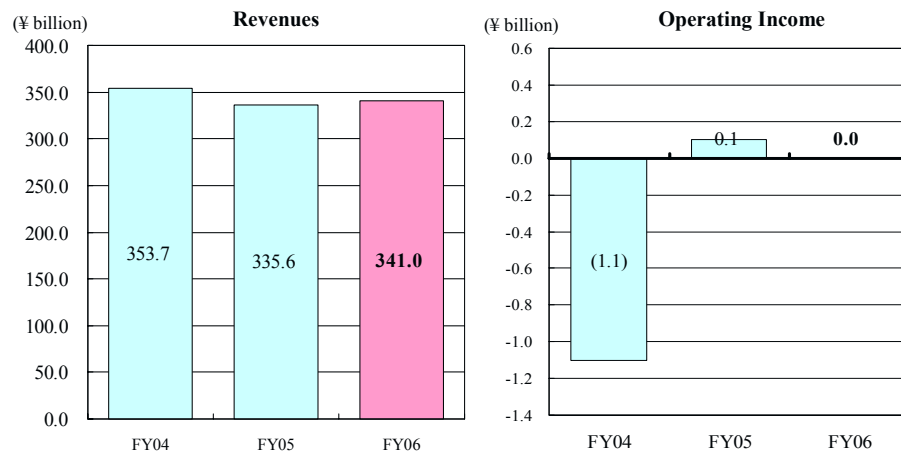
- Some sales of investment securities for business incubation not achieved
→negative impact on operating income of ¥2.5 billion
- Drop in earnings from equipment sales and services in Mobile Communications
→negative impact on operating income of ¥0.5 billion

● Reasons for shortfall in net income

- Abovementioned decline in ordinary income
- IPOs for some subsidiaries not achieved leading to drop in extraordinary gains
→Capital funding policy also shelved

FY06 Results

Equipment Sales and Services: Revenues and Operating Income



*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services.

*Operating income includes corporate expenses

*FY04 data for Mobile Communications includes results for IT Telecom restated on a 12-month basis (Apr. 03 ~ Mar. 04) due to a change in fiscal year-end.

Performance at Core Group Companies

■ IT Telecom

	FY06 1H	FY06 2H	FY06	YoY
Revenues	94.0	108.1	202.1	+24.2
Operating income	0.3	1.5	1.8	-0.7

(¥ billion)

- Implemented strategy to increase market share; as a result, share of new mobile phone retailing market increased from 5.0%→5.5%
- Sales of new mobile phones total 925,000 units
(Increase of 19,000 units, or 2.0%, YoY in a mobile phone market that contracted 7.7% YoY)
- By sales channel: volume retailers +27.0%, directly managed stores +2.0% YoY
- Marked improvement in profitability in March sales season

■ KS Olympus

- Revenues +¥0.6 billion, operating income +0.1 billion (but only compared to 6 months of results in FY05 2H)
- Steady growth in sales of endoscopes
- May 2006 integration with DIGITAL ARX, a provider of medical informatics solutions, aimed at widening service menu and interface with customers

Key Developments at Core Group Companies

■ Acquisition of ITX Tsubasa Net

- Major acquisition with investment totaling ¥16.0 billion
- Sees ITX move into the automotive aftermarket for the first time; ITX begins work on ITX Tsubasa Net, developing the company into a core source of earnings for the Group

■ ITX E-Globaledge

- High-speed infrared communication protocol Ir Simple adopted as an international standard

■ Net Protections

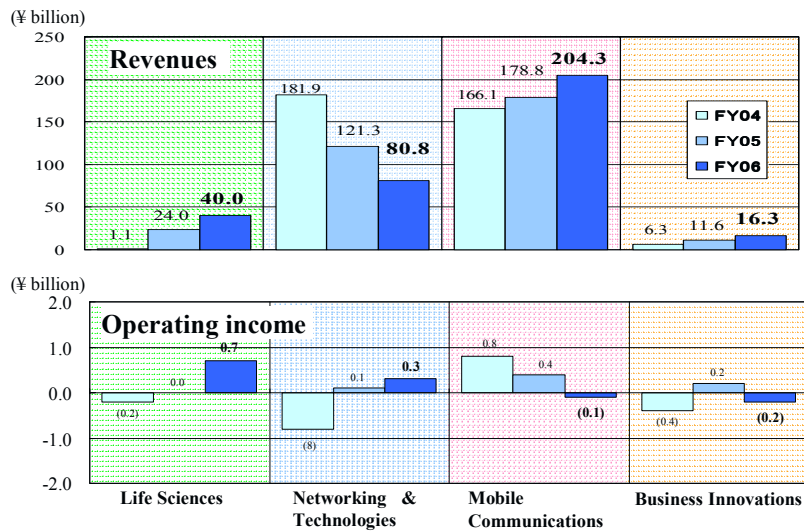
- More than 4,000 retailers adopt company's mainstay NP Deferred Payment service
- Funding of ¥0.27 billion secured through private placement

■ Business Restructuring

- Operations of interactive service provider DIDS integrated with Quattro Media in anticipation of businesses that merge broadcasting and mobile communications
- Promotions' digital solutions operations integrated with Atlux
→reinforce position in CRM business field

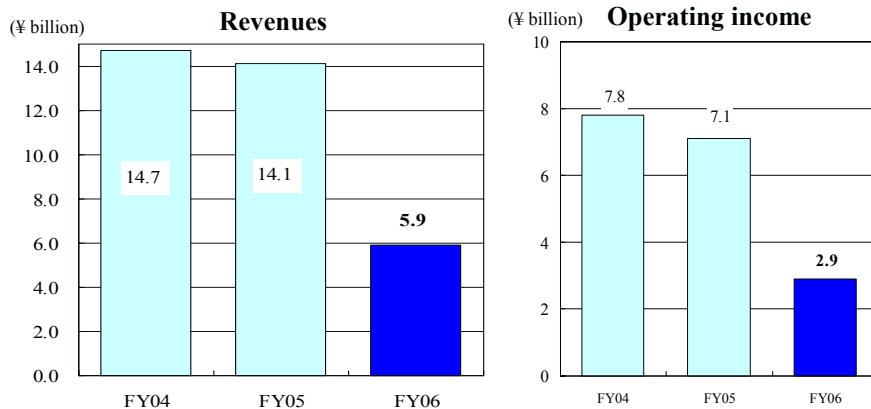
FY06 Results

Equipment Sales and Services: Revenues and Operating Income by Segment



*FY04 data for Mobile Communications includes results for IT Telecom restated on a 12-month basis (Apr. 03 ~ Mar. 04) due to a change in fiscal year-end.

Investment Securities for Business Incubation: Revenues and Operating Income



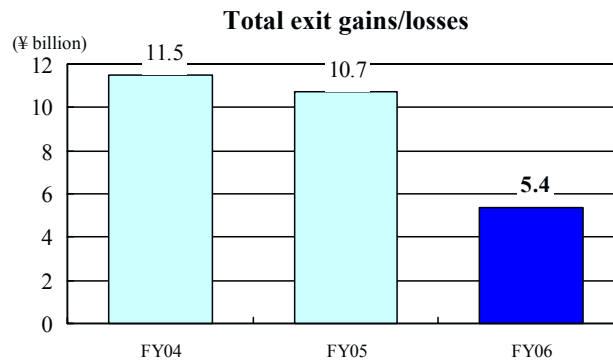
Sales of investment securities for business incubation

(¥ billion/no. of companies shown in parentheses)	IPOs	M&As	Other	Total
FY04	—(—)	13.1(5)	1.7(11)	14.7(16)
FY05	—(—)	7.5(3)	6.6(10)	14.1(13)
FY06	2.4(1)	3.2(4)	0.3(3)	5.9(8)

*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services.

FY06 Results Exit Net Gains

(no. of companies)	Sales of investment securities for business incubation	Sales of other securities	Total
FY04	16	24	40
FY05	14	12	26
FY06	8	15	23



*Total exit net gains/losses—the combined total of gains/losses from the sale of investment securities for business incubation, investment securities, and investment securities in subsidiaries and affiliates, as well as unrealized gains/losses

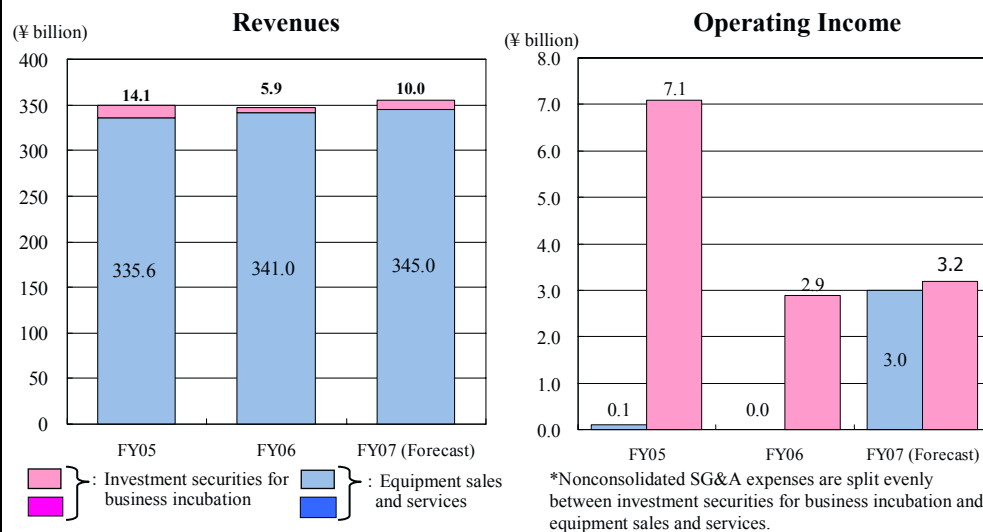
3. FY07 Forecasts

FY07 Forecasts

	(¥ billion)		
	FY06 Results	FY07 Forecasts	YoY Change
1) P/L (Consolidated)			
Revenues	346.9	355.0	8.1
(Sales of investment securities for business incubation)	(5.9)	(10.0)	(4.1)
(Equipment sales and services)	(341.0)	(345.0)	(4.0)
Gross profit	41.1	58.1	17.0
(Sales of investment securities for business incubation)	(4.2)	(4.4)	(0.2)
(Equipment sales and services)	(36.9)	(53.7)	(16.8)
Operating income	2.9	6.2	3.3
(Sales of investment securities for business incubation)	(2.9)	(3.2)	(0.3)
(Equipment sales and services)	(0.0)	(3.0)	(3.0)
Ordinary income	2.0	4.7	2.7
Net income	1.3	2.3	1.0
2) B/S			
1. Interest-bearing debt			
(Consolidated)	90.8	90.0	(0.8)
(Non-consolidated)	70.7	70.6	(0.1)
2. Shareholders' equity	26.9	29.1	2.2
(Consolidated)			
3) Performance Indicators			
1. Debt-equity ratio* (Consolidated)	2.7	2.4	(0.3)
(Nonconsolidated)	2.0	1.9	(0.1)
2. ROA	0.8%	1.3%	0.5%

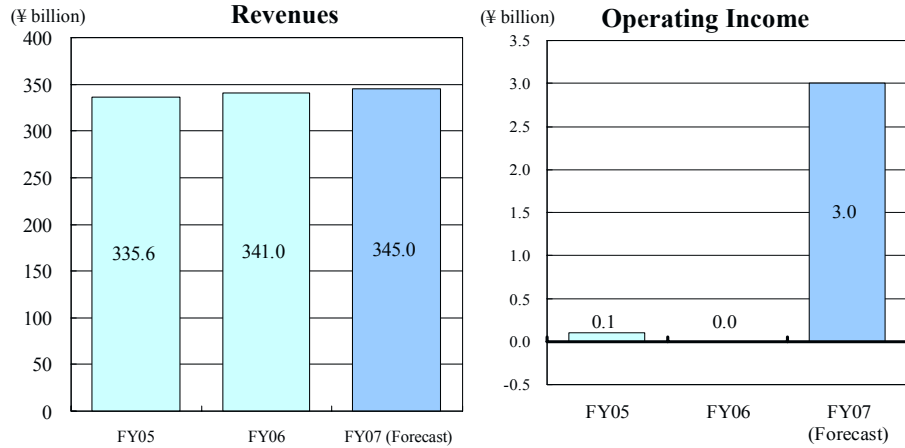
*Debt-equity ratio = net interest-bearing debt (interest-bearing debt – cash and cash equivalents) ÷ shareholders' equity

FY07 Forecasts: Revenues and Operating Income



FY07 Forecasts

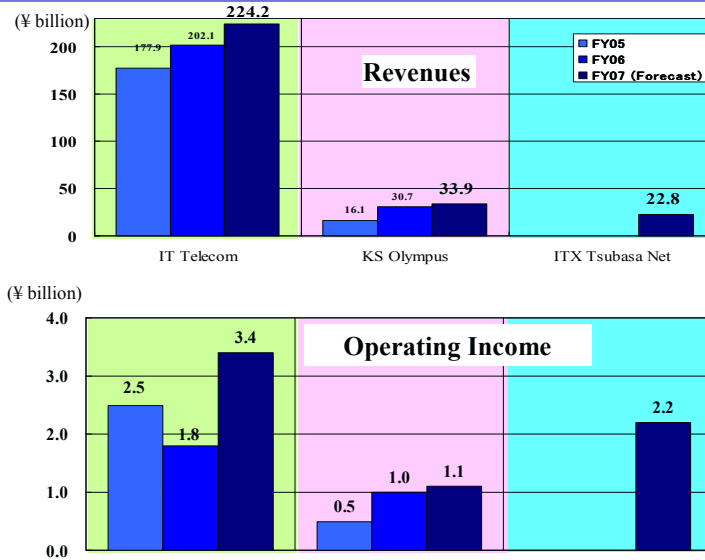
Equipment Sales and Services: Revenues and Operating Income



*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services.

FY07 Forecasts

Equipment Sales and Services by Core Subsidiary



*FY05 results for KS Olympus are for the six-month period Oct. 04 ~ Mar. 05.

FY07 Objectives for Core Group Companies

IT Telecom

- ◆ Introduction of number portability in fall of 2006 is expected to boost market share
- ◆ Reduce SG&A expenses
- ◆ Grow mobile platform market (wallet phones, FeliCa-enabled mobile terminals, etc.)
- ◆ Develop new FMC-compatible services for corporate users

Medical businesses centered on KS Olympus

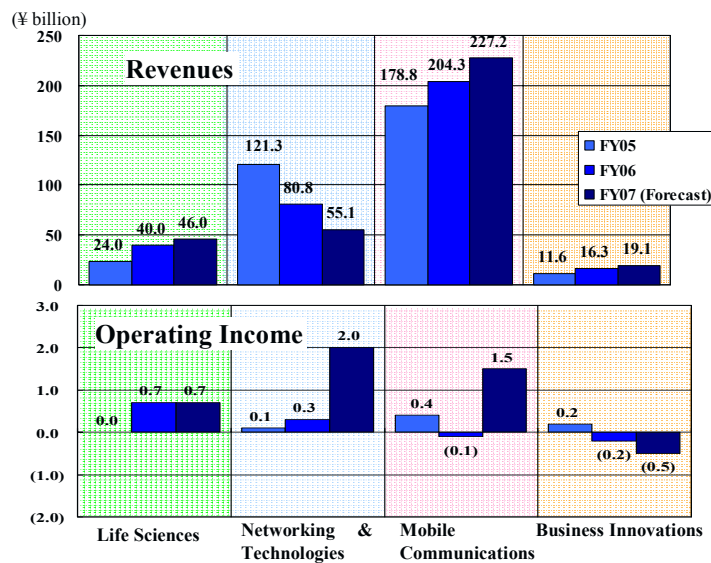
- ◆ Aim for stable sales growth in medical endoscopes
- ◆ Expand range of non-Olympus products

ITX Tsubasa Net

- ◆ Build stronger operating framework to increase market share as part of the ITX Group, and begin gradual business acceleration

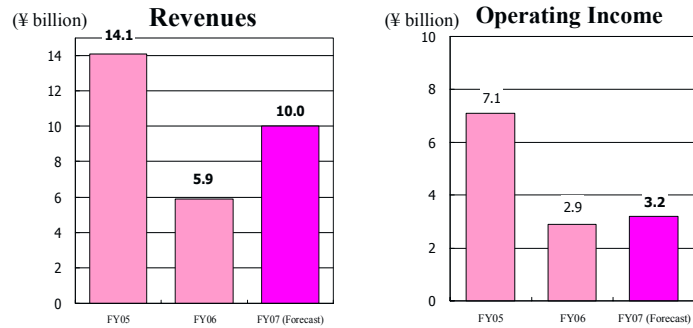
FY07 Forecasts

Equipment Sales and Services: Revenues and Operating Income by Segment



FY07 Forecasts

Investment Securities for Business Incubation: Revenues and Operating Income



To achieve forecasts for FY07, ITX expects to generate revenues and operating income of ¥10 billion and ¥3.2 billion, respectively

*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services.

4. Corporate Strategic Plan 06

Overview of Previous Corporate Strategic Plan—FY05/06 Achievements in Core Business Fields

■ Enhanced alliance with Olympus

- Set up and developed Tmedix
- Developed KS Olympus, AVS, OLYMPUS SOGO SERVICE (OSS) (now Nippon Outsourcing (NOC))
- Established and developed AltaSens
→developed jointly with Olympus with a view to starting product shipments

■ Restructured and realigned operations to enhance management efficiency

- Combined all mobile content-related operations in a new company, Quattro Media
- Merged NOC and OSS
- Transferred ITX's medical device business to AVS
- Integrated Promotions' digital solutions business with Atlux
- Merged KS Olympus and DIGITAL ARX (May 06)

■ Listed subsidiary→TechMatrix on the JASDAQ market

■ Enhanced corporate venture capital (CVC) business

■ Set up fund to invest in corporate revitalization projects

■ Established new offices (Shanghai/Vietnam) to cultivate Asian markets including China

Formulation of Corporate Strategic Plan 06

◆ Agenda and issues carried over from previous plan

- List ITX Corporation on the TSE
- Become a Group capable of generating net income of ¥10 billion
- List more subsidiaries
Achieve more listings for subsidiaries, as done with TechMatrix
⇒Review strategy in each business, implement radical reforms and rapidly achieve listings
- Reduce interest-bearing debt and lower the net debt-equity ratio on a nonconsolidated basis

◆ Changes in the business climate

- Changes in the environment for IPOs
- Changes in the ITX Group's operating environment
Internet services business, broadband business

◆ Changes in internal company conditions (investment assets)

- A stronger Life Sciences business segment
- Moves into automotive aftermarket, a new field for ITX

Decision taken to discontinue previous plan and formulate Corporate Strategic Plan 06

Corporate Strategic Plan 06—Targets

Management Objective
Establish ITX as recognized name in professional business acceleration

- Realize IPOs for multiple Group companies
- Achieve performance targets
- List ITX Corporation on the TSE

- Increase deal flow by attracting greater number of promising projects from outside the Group
- Become a company where business acceleration and management professionals can realize their potential

**Expedite pace of business acceleration and
enhance business functions**

Performance Targets

(¥ billion)

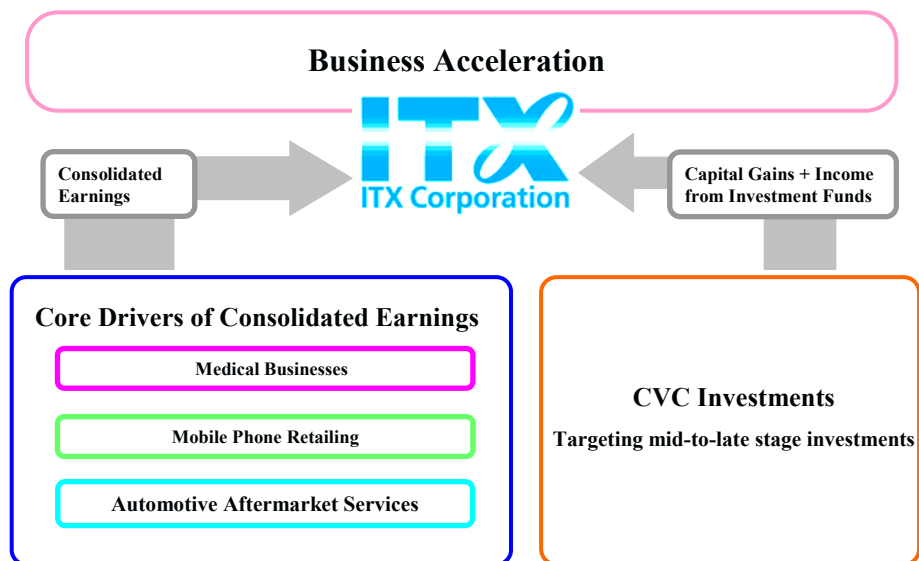
	FY06 (results)	FY07 (forecasts)	FY08 (targets)	FY09 (targets)
Revenues	346.9	355.0	367.0	395.0
Operating Income	2.9	6.2	9.0	12.7
Ordinary income	2.0	4.7	7.6	11.0
Net income	1.3	2.3	3.5	5.0

Improve Debt-Equity Ratio

- Reinforce capital base
 - Strengthen capital resources by steadily accumulating earnings
 - Eliminate accumulated deficit by using additional paid-in capital
- Reduce net interest-bearing debt (reduce to ¥30 billion or lower on a nonconsolidated basis by March 31, 2009)
 - Review investment portfolio
 - Boost operating cash flows

Build a robust financial structure and achieve early dividend payouts

ITX's Earnings Structure



Building a Stable Consolidated Earnings Structure (1)

Clearly define business acceleration themes in line with three investment policies:

Category 1

Core earners of consolidated earnings; have the potential to extend their business reach into peripheral fields

(Mobile phone retailing, medical businesses, automotive aftermarket services)

Policy: maintain a majority stake

Theme: reinforce core businesses and move into peripheral fields

Category 2

Businesses to develop into category-1 companies

Policy: maintain a stake that ensures control to be retained after IPO

Theme: develop businesses further to grow existing operations and simultaneously support moves into peripheral fields

Category 3

Standalone, autonomous businesses

Policy: aim to realize enterprise value through IPOs or M&As

Theme: develop businesses to secure capital gains

Building a Stable Consolidated Earnings Structure (2)

Category 1

Core drivers of consolidated earnings; potential to expand business reach into peripheral fields

- IT Telecom's mobile phone retailing operations
- Medical businesses centered on KS Olympus
- ITX Tsubasa Net's automotive aftermarket services

Category 2

Further acceleration required to lift to category-1 status

- ITX E-Globaleedge's network solutions business
- Settlement services and other operations in Net Protections' e-commerce business

Category 3

Standalone, autonomous businesses; realize enterprise value via IPOs or M&As (Including investees in the CVC business)

Strategy for Category-1 Core Businesses

◆ Combined performance targets

(¥ billion)

	FY07 (forecasts)	FY08 (targets)	FY09 (targets)
Revenues	291.5	305.1	330.3
Operating Income	6.7	8.7	10.3

Mobile phone retailing

- ◆ Expand market share
→Secure a top-five place in the industry
- ◆ Reduce SG&A expenses
→Achieve SG&A/revenues ratio of 8% or less
- ◆ Build a sales structure based on three channels: mobile phone carrier stores, retailers and corporate sales
- ◆ Leverage synergies between IT Telecom membership business and mobile communications services

Medical businesses

- ◆ Expand lineup of non-Olympus products
- ◆ Supply advanced medical devices from overseas to users in Japan
- ◆ Strengthen KS Olympus' directly managed sales network

Automotive aftermarket services

- ◆ Increase market share in the industry by enhancing marketing; roll out new products and services
- ◆ Set up a new business that links users via networks

Strengthen the CVC Business

◆ CVC investments over the last three years

(¥ billion/no. of companies shown in parentheses)	FY04	FY05	FY06	Three-year total
ITX Corporation	0.6 (5)	0.7 (10)	0.9 (11)	2.1 (26)
US Investment Subsidiaries	0.5 (2)	0.5 (3)	0.4 (4)	1.3 (9)
Total	1.0 (7)	1.2 (13)	1.2 (15)	3.4 (35)

◆ Exit strategy performance (cumulative FY04~FY06)

Capital gains of ¥3.8 billion (13 companies)

Effective July 1, 2006, Business Group IV, responsible for carrying out CVC investment activities, will be separated into a Business Investment Group and a New Business Acceleration Group under a newly established Investment Headquarters.

Aim to secure a certain level of capital gains from CVC investments

Clearly Define New Investment Themes

- 1. Category 1—Invest in businesses that can benefit from the core competencies of category-1 companies in peripheral fields**
Businesses related to the medical and automotive aftermarket fields
(E.g. products supplied by medical device sales companies and ITX Tsubasa Net)
- 2. Category 2—invest to strengthen operations**
- 3. Invest in new businesses outside existing and related fields that have products and services with clear market needs and/or have strong collaboration potential with Olympus.**
- 4. In CVC investments, focus on early- to mid-stage IT investments, and some late-stage investments with broader focus.**

Reinforce Business Acceleration Capabilities

Clearly define business objectives, responsibilities and authority, and reinforce internal control systems

- Establish and carefully implement business portfolio (investment) strategy
- Reinforce business acceleration capabilities
- Enhance ability to identify new businesses
- Attract business acceleration professionals

- Finalize business portfolio (investment) strategy
- Carefully manage business acceleration progress
- Share details on operational issues and other information within the Group
- Optimally deploy human resources

Adopt headquarters system to reinforce business acceleration capabilities and clearly define responsibilities

Reinforce internal control systems and promote information sharing by establishing Groupwide committees along functional lines

Reinforce Business Acceleration Capabilities—Organizational Restructuring

Carry out organizational restructuring to enhance capabilities through clearer delegation of functions

(Effective July 1, 2006)

